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TAGS: [PGOV](#) [PREL](#) [EU](#) [UK](#)
SUBJECT: CAMERON SHUFFLES CONSERVATIVE'S FRONT-BENCH,
BRINGS IN PRO-EUROPE OUTCAST

Classified By: Richard Mills, reasons 1.4 (b/d).

¶1. (C/NF) Summary. Conservative Leader David Cameron shook up his party with a shadow cabinet reshuffle on January 19. Cameron wanted to strengthen his front-bench team and sharpen its attacks on the Labour Government, as well address a Labour argument that still has traction with UK voters -- the Conservatives are too inexperienced to be in charge during a time of economic crisis. Although the Tories lead in the polls -- and in the last week have seen the Brown poll "bounce" fade -- the Tories have yet to develop a coherent attack on Labour's handling of the credit crunch and the polls find UK voters still not ready to trust the Tories' economic team and policies. To address that public perception, Cameron brought back into front-line politics one of the Conservative Party's "heavy-hitters," Ken Clarke. The Pro-European Clarke is one of the best known and most controversial figures within British politics, often credited with putting the UK back on the road to recovery following the 1993 recession and a figure intended to reassure UK voters on the "economic bona fides of Conservative policies," as Philip Hammond, Shadow Chief Treasury Secretary told us this week.

¶2. (C/NF) Summary and comment con't. Clarke is, however, loathed by the right-wing eurosceptics within his own party, who believe his pro-European views will split them over the issue of "Europe" once again. In an attempt to deflect such criticism, Clarke last week assured his party that he accepted its settled view on Europe and said he would not oppose David Cameron on the matter. Privately, Cameron is said to know that Clarke's appointment is a "risk," as he is aware that Labour Ministers will use every opportunity to highlight Clarke's euro-friendly stance and try to provoke Tory splits on the issue, especially ahead of the European elections in June. Cameron was willing to take the risk of igniting Tory divisions over Europe, however, in order to give the Conservatives credibility on the economy, the issue that will decide the next general election. End summary.

Who's In - Who's Out?

¶3. (SBU) Since David Cameron became leader of the Conservative Party in 2005, his shadow cabinet has remained relatively stable, with few changes to the original line-up. While an early general election in 2009 remain a question mark (ref), especially with the opinion polls moving against Labour in recent days, Cameron announced in the last week changes that would give him "the strongest possible shadow cabinet" for a general election. Of his cabinet changes, he said, the Conservatives "have combined fresh thinking with experience, hope and change with stability and common sense."

¶4. (C/NF) Chris Grayling becomes the party's new Shadow Home Secretary, replacing Dominic Grieve who, in turn, moves

sideways to take the Shadow Justice Ministry portfolio. Grayling has gained a formidable reputation as one of the party's best attack dogs, often targeting his Labour opponents with deadly precision. His talents, widely overlooked in his last role as Work and Pensions Shadow Minister, will be better placed in the key area of Home Affairs where some of the Brown government's most domestic controversial legislation lies. Grieve, who had only moved into the Home Affairs role in June 2008 and is touted by several conservative contacts as a rising Tory figure, is said to be relieved to have been moved from a portfolio where he is widely recognized as having failed to make a mark. "Friends of Grieve," including Tory MP Brooks Newmark, have let it be known to the press and Embassy that Grieve is pleased to be moving into the Shadow Justice Ministry portfolio which, he believes, will be better suited to his expertise as a former barrister. Theresa May, the Shadow leader of the House of Commons, succeeds Grieve as the new Shadow Minister for Work and Pensions.

15. (C/NF) Eric Pickles, most often described as a "gruff no-nonsense" politician from the "working-class" of North England, moves into the high profile role of Party Chairman. Pickles' selection was undoubtedly Cameron's attempt to combat a public and UK media perception that his cabinet is packed with privileged Eton-educated MPs. Pickles is still somewhat unknown outside his party but is credited with masterminding the Party's stunning victory over Labour in the Glenrothes by-election in 2008, when the Conservatives won what had been one of Labour's safest parliamentary seats. Alan Duncan became Shadow leader of the House of Commons to make way for Ken Clarke to take up the Shadow Business Secretary

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position.

Ken Clarke - The Pro-Europe Conservative

16. (C) Clarke's return to Cameron's front bench is the big news of the reshuffle. He returns as Shadow Secretary of State for Business, Enterprise and Regulatory Reform, where his opposite number is the newly re-appointed Peter Mandelson. Clarke, who served under both Margaret Thatcher and John Major's administrations as Chancellor until the Conservatives lost power in 1997. He is widely credited with setting the UK back on the road to recovery from the 1998 recession, leaving a legacy for the incoming Labour Government to inherit which, 12 years on, Clarke says Gordon Brown squandered. Cameron is said to have thought long and hard before asking Clarke to return to front-line politics. In Clarke's favor, he is one of the few politicians of any party who resonates with the public -- he is seen to speak a language they understand and they get what he is talking about. He has the common touch and the public likes his beer-drinking, cigar-smoking, jazz-loving image. Added to that, Clarke is highly experienced and has been adept at spotting flaws in the Labour Government's economic policy as it attempts to handle the credit crunch.

17. (C) Clarke's popularity with the public, however, does not extend to within his own party. Clarke is famously pro-European and favors the single EU currency, a stance which has put him at odds with his own party for most of his career. During the 1990s, the internal party divisions over Europe and European integration were so great that then-Prime Minister, John Major, issued a "Back me or sack me" cry to the Eurosceptics as the party nearly split in two. Clarke's support of the EU is often thought to be the single factor which has prevented him from winning the party's leadership in the multiple times he has stood for the top position: 1997 (Hague won); 2001 (Iain Duncan Smith won); and 2005 (Cameron won).

Clarke's Return Addresses a Political Need

18. (C/NF) Several Tory contacts have told Embassy that Cameron's decision to put Clarke on his front bench was a "calculated political decision" designed to address Labour's argument that Cameron and his team are too inexperienced to govern at a time of economic crisis. Despite the Tories' lead in the polls, these same polls continue to find no corresponding increase in UK voters' confidence that Cameron's policies and economic team can lead the UK out of recession. The Tories are aware that Brown's jibes at their lack of experience resonant with the public -- in part because it is true. As Philip Hammond, the Tory Shadow Chief Secretary to the Treasury, pointed out to emboffs this week, before Clarke's addition to the Shadow Cabinet, only one member of Cameron's front bench, William Hague, had ever served in a governing cabinet (A political pollster who has worked for the Labour party told poloff a preferred Labour tactic with its own polling groups is to show voters a picture of Cameron and his Shadow Chancellor - the young looking George Osborne -- and ask whether they really can be trusted to restore the economy; Labour finds this always produces the desired negative answer). Hammond said Clarke's appointment gave the Tories an experienced figure who can reassure voters on the "bona fides of conservative economic policies;" credibility strengthened by the public perception Clarke was the last Chancellor to guide the UK out of a recession. Brooks Newmark, another Tory MP with ties to the Cameron inner circle, told Poloff that Clarke's return was the signal the Tories "were gearing up to have an election-fighting front bench in place." Newmark acknowledged that having Clarke in place to fight an election was a good idea, "although whether he could actually serve in a governing cabinet" was "another question" that would have to be considered by Clarke and Cameron, given Clarke's views on the EU and the Euro.

19. (C/NF) While Clarke's support of the EU remains on the back burner for the moment, Labour will likely try to cause divisions between Clarke and his colleagues. The Tories will face pressure over Europe as the European elections in June get closer, and if the Lisbon Treaty is ratified by Ireland. Clarke has already said he is in favor of the Lisbon Treaty and that he would support it without the requirement for a referendum -- a position that puts him at odds with Cameron. Publicly, the Conservatives are trying to maintain a united front. Clarke has said he will not seek to change the party's line on Europe and will accept collective cabinet

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responsibility. Many within the party, however, have expressed concern at Clarke's return. Lord Tebbit decried Clarke as "lazy", and other Tories fear he will be dogged by questions over Europe every time he is interviewed. Labour will no doubt be poring over Ken Clarke's list of outside directorships, including his position as deputy director of British-American Tobacco in the hopes they can embarrass the Tories.

Comment

110. (C/NF) Cameron's rehabilitation of Clarke is a gamble, much in the same way that Gordon Brown's reappointment of Peter Mandelson was. Both men have caused problems for their party leaders in the past, but are recognized as extraordinary politicians with proven track records. Mandelson's return paid off for Brown -- his bounce in the polls in late autumn is in part credited to Mandelson's return and skill at delivering the Labour message. Cameron has tried to address the concerns of his eurosceptic party -- and dilute Clarke's influence -- by promoting the eurosceptic MP, Mark Francois, to the position of Shadow Europe Minister and elevating that role to the shadow cabinet. And that may work. As one Conservative front bencher said: "Ken's views on Europe are frankly irrelevant. There are around 190 eurosceptic Tory MPs and six pro-European Tory MPs, one of

whom is Ken."

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